THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) Yes, Sir.

(b) The website is hosted outside India and thus does not fall under Indian jurisdiction. It is also not technically possible to block access to this site completely from India.

Promotion of Hardware Sector

1293. SHRI ANANTA SETHI: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether Government are aware of the growing negligence towards the Information Technology Hardware Sector in the country;

(b) if so, whether Government have any plan to pay adequate attention to the promotion of hardware sector;

(c) if so, the defails thereof; and

(d) the steps taken thereon?

THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) Yes, Sir. Government is aware of the need to promote IT Hardware production in the country.

(b) Yes Sir.

(c) and (d) The steps taken by Government to promote IT Hardware Industry are given in the Statement.

Statement

Steps taken by the Government to promote IT Hardware Sector

1. Export Promotion Capital Goods scheme (EPCG) has been rationalized and extended uniformly to all sectors without any threshold limit on payment of 5% duty.
2. Approvals for all foreign direct investment proposals relating to the Information Technology sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.
3. Electronics Hardware Technology Park (EHTP) Scheme is

implemented under the aegis of the Ministry of Information Technology through a single window mechanism of the Inter-Ministerial Standing Committee (IMSC).

4. DTA access upto 50% of the FOB value of export is permitted for electronics hardware units under EOU/EPZ/EHTP schemes. Broadbanding is permitted in the DTA sales of Hardware units for items covered in the Letter of Permission.

5. Accelerated depreciation norms for computers and computer peripherals for electronic units under Export Oriented schemes (EOU/EPZ/STP/EHTP) have been enhanced. These shall stand depreciated to overall limit of 90% over a period of 3 years instead of around 5 years earlier.

6. Special Economic Zones are being set up to enable hassle free manufacturing and trading for export purposes.

7. Value addition norms for Rupee exports to Russia reduced from 100% to 33% under Advance Licensing Scheme.

8. The Depreciation on Computers has been allowed @ 60%.

9. In the Budget 2001-02, the peak rate of customs duty continues @35%. Customs duty surcharge @ 10% has been abolished on all imports, in general but Special Additional Duty (SAD) @ 4% continues on all imports, except specific exemptions. In the 2000-01 Budget, Customs duty on Computers and Peripherals had been reduced from 20% to 15% and continues to be same. The Customs duty on all storage devices, integrated circuits, microprocessors, data display tubes and deflection components of colour monitors also continues at 0%. In the 2001-02 Budget, Customs duty on Information Technology Agreement (ITA-1) items of WTO (IT and Telecom products) has been reduced from existing 20-25% to 15%. The concessional rate of customs duty for specified raw materials for the electronics industry continues. Customs duty on parts of Telecom reduced to 5%. 32 items (additional) of Capital Goods allowed at a concessional duty of 5% for the manufacture of semiconductors.

10. In the Budget 2001-02, the Central Excise duty structure has been rationalized from multiple rates to single rate of 16% and single rate of Special Excise Duty (SED) @ 16%.

11. Second hand capital goods upto 10 years old have been made freely importable.

12. Information Technology software is exempted from Customs and Excise Duty.

13. EOU/EPZ/EHTP units are exempted from payment of Income Tax on export profits, upto 2010, in terms of Section 10A and 10B of the Income Tax Act.

14. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.

15. Tax holiday under provisions of Section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and Broadband Network Providers.

16. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research has been provided.

17. Information Technology Act 2000 has been enacted. This act deals with Cyber Security, Cyber Crime and other information security related legal aspects. This will encourage expansion of e-commerce through internet.

Decline in Software Export

1294. SHRI VIJAY J. DARDA: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that there has been marked decline in the export of software to other countries during the year 1999-2000;